Public Service Superannuation Board

Annual Report
for year ending March 31, 1986

SIXTY-SIXTH ANNUAL REPORT

OF THE

PUBLIC SERVICE SUPERANNUATION BOARD

FOR THE YEAR ENDED

MARCH 31, 1986

Ontario

Office of the Chairman

The Management Board of Cabinet

Frost Building
Queen's Park
Toronto Ontario
416/965-6795

To his Honour the Lieutenant Governor of
the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith
the Report of the Public Service Superannuation
Board for the year ended March 31, 1986.

Respectfully submitted,

Robert F. Nixon
Acting Chairman

Ontario

Public
Service
Superannuation
Board

Area code 416
Telephone 965-1709

The Honourable Robert Nixon
Acting Chairman of Management Board

SIR:

I have the honour to submit the Report of the Public Service Superannuation Board for the year ended March 31, 1986.

Respectfully submitted,

Stephanie J. Wychowanec,
Chairman.

PUBLIC SERVICE SUPERANNUATION BOARD

The Board, first established in 1920 under an Act of the Legislature of Ontario, now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)
Chairman, Commercial Registration Appeal Tribunal

E. Aboud
Director, Benefits Policy Branch
Human Resources Secretariat

J.A. Jackson
Executive Director
Ministry of Government Services

S. McVittie
Representative
O.P.S. Employees Union

B.V. Cooke, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services. It also advised the Minister on Public Service Superannuation Fund matters. During the year, responsibility for the administration of the Act was transferred from the Minister of Government Services to the Chairman of Management Board.

Twenty-three meetings of the Board were held during the year ended March 31, 1986.

TABLE OF CONTENTS

	Page Nos.
Contributors	6
Allowances	6
Annuities	7
Payments, Refunds and Transfers To Other Pension Funds	8
Options for Military Service and Past Pensionable Service with Another Employer	8
Options for Past Service with Ontario Government	9
Options for Leave of Absence	9
Contributions on Behalf of Disabled Contributors	9
Transfers Into and Out of the Fund	10 - 11
Public Service Superannuation Fund	12
Unfunded Liability	12
Cost of Administration	13
Acknowledgement	13
Tables I and II - Allowances	14 - 15
Tables III and IV - Annuities	16 - 17
Table V - Payments, Refunds and Transfers	18
Statement of Fund	19 - 20
Interest Earned by the P.S.S. Fund	21

CONTRIBUTORS

During the period covered by this Report, 5,921 new contributors to the Public Service Superannuation Fund were added and 4,473 contributors left the Fund for a net increase of 1,448 over the preceding year. At the end of the year under review, there were 77,294 contributors.

ALLOWANCES

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1986, 23,742 allowances were being paid compared with 22,545 at the end of the previous year. The total number of recipients consisted of:

1,181 disability pensioners;

16,055 service pensioners;

6,506 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 1,197 allowances over the preceding year.

ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario Public Service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review, there were:

3,546 former contributors receiving annuities;

409 surviving spouses and children in receipt of annuities;

680 former contributors who will receive deferred annuities from a later date.

This represented an increase of 219 annuities over the preceding year.

PAYMENTS, REFUNDS AND TRANSFERS TO OTHER PENSION FUNDS

During the period April 1, 1985, to March 31, 1986:

2,449 former employees received refunds of contributions, with interest;

81 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;

41 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;

124 former employees transferred their contributions and credits to other pension funds.

OPTIONS FOR MILITARY SERVICE AND PAST PENSIONABLE SERVICE WITH ANOTHER EMPLOYER

During the year, 675 contributors made contributions for military service in World War II or the Korean War. Also, 582 contributors made contributions for pensionable service with the employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the Fund by these employees was $1,087,017.

OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT

During the fiscal year, 3,489 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 1,022 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was $2,425,975.

OPTIONS FOR LEAVE OF ABSENCE

During this period, 569 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these employees was $186,808.

CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS

Also during this fiscal year 1985 - 86, the employer paid $5,966,531 into the Fund on behalf of 3,134 disabled contributors who had qualified for a benefit under the Long Term Income Protection Plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.

TRANSFERS INTO AND OUT OF THE FUND

During the year, 85 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 124 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1986 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund
Anglican Church of Canada Pension Fund *
Baptist Convention of Ontario and Quebec *
British Columbia Public Service Superannuation Fund
Canada Public Service Superannuation Fund
Canada Broadcasting Corporation Pension Fund
Carleton University Pension Fund
Caucus Employees Retirement Fund
Central Mortgage and Housing Corporation Pension Fund
Evangelical Lutheran Church of Canada Pension Fund *
Hospital for Sick Children Employees Pension Fund
Hospitals of Ontario Pension Fund
McMaster University Pension Fund
Manitoba Civil Service Superannuation Fund
New Brunswick Civil Service Superannuation Fund
Newfoundland Civil Service Superannuation Fund **
Nova Scotia Civil Service Superannuation Fund
Ontario Educational Communications Authority Pension Fund
Ontario Energy Corporation
Ontario Hydro Pension Fund
Ontario Institute for Studies in Education Pension Fund
Ontario Municipal Employees Retirement System
Ontario Research Foundation Pension Fund
Ontario Teachers' Superannuation Fund

Prince Edward Island Civil Service Superannuation Fund
Queen's University Pension Fund
Retirement Pension Plan of Colleges of Applied Arts and Technology
Saskatchewan Power Corporation Pension Fund
Sisters of St. Joseph **
Trent University Pension Fund
United Church of Canada Pension Fund *
University of Guelph Pension Fund
University of Ottawa Pension Fund
University of Toronto Pension Fund
Urban Transportation Development Corporation **
Workers' Compensation Board Superannuation Fund
York University Pension Fund

* Applies only to Ontario Public Service Chaplains

** Agreements entered into during the fiscal year 1985 - 86

PUBLIC SERVICE SUPERANNUATION FUND

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1985 was $3,553,842,541 and at the close of the fiscal year $4,030,476,412 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to $640,869,472 while total disbursements amounted to $164,235,601.

UNFUNDED LIABILITY

As previously reported, an actuarial valuation on the Public Service Superannuation Fund received in 1983 indicated an unfunded liability (i.e. the excess of the present value of future benefits over the sum of the funds on hand and the present value of future contributions) as of December 31, 1982 of $121 million.

In accordance with the recommendations of the actuaries and the Board, and also in conformance with the Ontario Pension Benefits Act, an amortization payment in the amount of $13,892,000 was made on January 1, 1986. Under the recommended schedule, the following payments will be made in the future:

January 1, 1987 to 1992 inclusive	$13,892,000 annually
January 1, 1993 and thereafter	$ 7,122,000 annually

However, these amounts are subject to change in the light of future actuarial valuations which, by law, must be made at least every three years. A current review is underway.

COST OF ADMINISTRATION

The cost of administrative support for the operation of the Public Service Superannuation Board is subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Benefits and Data Services Branch of the Ministry of Government Services (Vote 605, Item 3). (This Branch also provides administrative services to other pensions plans and benefit plans for Government employees and for members of the Legislative Assembly and their staff and provides payroll and personnel data services to all government ministries.)

The Chairman and members of the Public Service Superannuation Board are either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they receive no additional remuneration or expense allowances for service on the Board. Cost proration is not justified under these circumstances.

ACKNOWLEDGEMENT

In submitting this Report, the Board acknowledges, with appreciation, the assistance rendered to it by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.

TABLE I

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Allowances	Total number of recipients at March 31, 1985	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1986
Type 60 (male)	3,071	264	95	2	3,238
Type 60 (female)	1,121	96	28	1	1,188
Type 65 (male)	5,837	535	284	2	6,086
Type 65 (female)	3,226	272	86	1	3,411
Type 70 (male)	67	1	8	0	60
Type 70 (female)	35	0	3	1	31
Type 90 (male) *	1,631	255	40	0	1,846
Type 90 (female)	181	18	4	0	195
Disability (male)	698	19	34	0	683
Disability (female)	495	17	14	0	498
Dependants (widows of contributors)	2,026	136	36	0	2,126
Dependants (widowers of contributors)	138	22	4	0	156
Dependants (widows of superannuates)	3,809	334	136	1	4,006
Dependants (widowers of superannuates)	124	19	8	0	135
Dependants (children)	86	0	0	3	83
TOTALS:	22,545	1,988	780	11	23,742

Type 60 - age 60 plus at least 20 years of contributory service.

Type 65 - age 65 plus at least 10 years of contributory service.

Type 70 - age 70 plus at least 10 years of contributory service.

Type 90 - age plus years of contributory service total at least 90 years.

* NOTE: of the 255 new cases, 56 are OPPA "Type 80" cases.

TABLE II

ALLOWANCES

Summary of allowances being paid as at March 31, 1986:

Dollar Amount Per Annum	Number of Allowances (Pensioners)
0 - 2,000	2,839
2,001 - 3,000	2,511
3,001 - 4,000	1,968
4,001 - 5,000	1,485
5,001 - 6,000	1,259
6,001 - 7,000	911
7,001 - 8,000	821
8,001 - 9,000	673
9,001 -10,000	571
10,001 -12,000	1,006
12,001 -15,000	1,042
15,001 -20,000	1,096
20,001 -25,000	585
Over 25,000	469

Dollar Amount Per Annum	Number of Allowances (Dependants)
0 - 1,000	1,952
1,001 - 1,500	1,291
1,501 - 2,000	913
2,001 - 2,500	594
2,501 - 3,000	430
3,001 - 3,500	307
3,501 - 4,000	213
4,001 - 4,500	163
4,501 - 5,000	135
5,001 - 6,000	188
6,001 - 7,500	168
7,501 -10,000	111
10,001 -12,500	29
Over 12,500	12

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

TABLE III

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Annuities	Total number of recipients at March 31, 1985	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1986
Immediate (60 plus, male)	574	51	25	0	600
Immediate (60 plus, female)	741	47	19	0	769
Immediate (less than 60, male)	492	46	15	1	522
Immediate (less than 60, female)	676	59	7	2	726
* Deferred Active (male)	455	42	12	0	485
* Deferred Active (female)	417	30	3	0	444
* Deferred Pending (male)	428	38	2	42	422
* Deferred Pending (female)	256	34	1	30	259
Dependants (widows)	316	37	10	0	343
Dependants (widowers)	59	12	7	0	64
Dependants (children)	2	0	0	0	2
	4,415	396	101	75	4,636

* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.

Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.

TABLE IV

ANNUITIES

Summary of annuities being paid as at March 31, 1986

Dollar Amount Per Annum	Number of Annuities (Annuitants)
0 - 2,000	1,482
2,001 - 3,000	668
3,001 - 4,000	438
4,001 - 5,000	288
5,001 - 6,000	181
6,001 - 7,000	128
7,001 - 8,000	89
8,001 - 9,000	59
9,001 - 10,000	52
10,001 - 12,000	70
12,001 - 15,000	42
15,001 - 20,000	32
20,001 - 25,000	12
Over 25,000	5

Dollar Amount Per Annum	Number of Annuities (Dependants)
0 - 1,000	255
1,001 - 1,500	91
1,501 - 2,000	24
2,001 - 2,500	11
2,501 - 3,000	6
3,001 - 3,500	9
3,501 - 4,000	4
4,001 - 4,500	1
4,501 - 5,000	1
5,001 - 6,000	6
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	0
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.

TABLE V

NUMBER OF OTHER CASES PROCESSED UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1985 to March 31, 1986. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

		Number of cases during the year
Payments (Double contributions with interest)		
Retirement		68
Disability		13
Dependants (widows, widowers, children)		41
	Sub-total:	122
Refunds		
Single contributions (with interest)		2,449
Residual balances		25
	Sub-total:	2,474
Transfers		
Transfers Out		124
	Sub-total:	124
	TOTAL:	2,720

PUBLIC SERVICE SUPERANNUATION FUND

Statement of Changes in Fund Balance
for the year ended March 31, 1986

	1986 $	1985 $
Receipts		
Contributions		
Province of Ontario	93,956,002	87,942,233
Boards and commissions	10,422,906	9,697,662
Designated branches	442,572	440,977
	104,821,480	98,080,872
Employees	104,821,480	98,080,872
Without equivalent contributions by employer - sundry	1,260,425	1,338,861
Employer re :		
Employees receiving long term income protection benefits	5,966,531	5,376,907
Payment on the unfunded liability (note)	13,892,000	13,892,000
Transfers from other plans	7,097,298	1,383,108
Interest earnings	403,010,258	347,195,239
	640,869,472	565,347,859
Disbursements		
Allowances (including supplementary benefits) to superannuates, beneficiaries and annuitants	192,250,361	173,690,044
Supplementary benefits - recovery from the Province	(47,309,620)	(43,560,930)
	144,940,741	130,129,114
Refunds of contributions and interest	15,718,586	13,527,058
Transfers to other plans	3,576,274	19,936,833
	164,235,601	163,593,005
Net increase in the Fund	476,633,871	401,754,854
Fund balance on deposit with the Treasurer of Ontario,		
- beginning of year	3,553,842,541	3,152,087,687
- end of year	4,030,476,412	3,553,842,541

See accompanying note to financial statement.

Approved on behalf of the Board:

Chairman

Secretary

UNFUNDED LIABILITY

The most recent triennial actuarial review of the Public Service Superannuation Fund was made as at December 31, 1982. This review disclosed an unfunded liability of $121,019,000. Of this amount $82,616,000 represents the initial unfunded liability as at January 1, 1965. The balance of $38,403,000 represents the additional unfunded liability which has arisen since January 1, 1965.

Based on this triennial actuarial review, the Province of Ontario has been making annual special payments of interest and principal into the Fund amounting to $13,892,000, in accordance with the Regulations under the Pension Benefits Act. These payments are designed to :

- Prevent an increase in the initial unfunded liability (annual payment $7,122,000).

- Liquidate the additional unfunded liability over a period ending January 1, 1992 (annual payment $6,770,000).

INTEREST EARNED
BY THE P.S.S. FUND

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

(i) on the balance at the credit of the Fund on March 31, 1985 at a rate of 11.24463 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;

(ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1985-86 at a rate of 11.55 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1985-86; and

(iii) on the unfunded liability payment of $13,892,000 for a period of three months at a rate of 11.55 per cent per annum.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 11.55 per cent per annum for twenty-five years subsequent to the fiscal year 1985-86 on the net increase in the Fund for the fiscal year 1985-86 ($476,633,871) and on the $18,000,000 which was deemed to be the portion of the Fund which was reinvested at March 31, 1986.